

JS-6

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

A-ONE COMMERCIAL INSURANCE
RISK RETENTION GROUP INC.,

Plaintiff,

v.

LEI CHENG and HONG SHENG GROUP
INC.,

Defendants.

Case No.: 2:24-cv-00807-JLS (RAO)

**ORDER GRANTING PLAINTIFF'S
APPLICATION FOR DEFAULT
JUDGMENT (Doc. 28)**

1 Before the Court is Plaintiff A-One Commercial Insurance Risk Retention
2 Group, Inc.'s Application for Default Judgment against Defendants Hong Sheng
3 Group, Inc. and Lei Cheng (Doc. 28).

4 Defendants Hong Sheng Group, Inc. and Lei Cheng having failed to appear in
5 this action, default having been entered against Hong Sheng Group, Inc. on June 4,
6 2024 (Doc. 26) and against Lei Cheng on May 2, 2024 (Doc. 23), and counsel for
7 Plaintiff having filed a proper application and declarations in accordance with Federal
8 Rules of Civil Procedure 55 and Local Rule 55-1 (Docs. 28, 28-1 & 28-2), the Court
9 hereby **GRANTS** Plaintiff's application for default judgment as to Defendant Hong
10 Sheng Group, Inc. and Defendant Lei Cheng.

11 The Court has considered Local Rule 55 and evaluated the matter under the
12 requirements set forth in *Eitel v. McCool*, 572 F.2d 1470, 1471-1472 (9th Cir. 1986),
13 including: (1) the possibility of prejudice to plaintiff, (2) the merits of plaintiff's
14 claims, (3) the sufficiency of the complaint, (4) the sum of money at stake in the
15 action; (5) the possibility of a dispute concerning the material facts; (6) whether
16 defendant's default was the product of excusable neglect, and (7) the strong public
17 policy favoring decisions on the merits, and finds plaintiff has satisfied those
18 requirements for the following reasons:

19 (1) Plaintiff provided a declaration stating: (1) when and against whom
20 default was entered; (2) that default was entered as to Plaintiff's First Amended
21 Complaint; (3) that Defendants are not infants or incompetent persons; and (4) that the
22 Servicemembers Civil Relief Act does not apply. (Doc. 28-1 ¶ 1-6.)

23 (2) Because Defendants have not appeared in this action, service of the
24 application was not required. *See* Fed. R. Civ. P. 55(b)(2).

25 (3) A-ONE would be prejudiced by a denial of this application because the
26 failure or refusal of Defendants Hong Sheng Group and Cheng to participate in this
27 action precludes A-ONE from obtaining a coverage determination on the merits and
28 avoiding incurring further expenditures in defending claims that are not covered by
the A-ONE policy. *See Landstar Ranger, Inc. v. Parth Enters., Inc.*, 725 F. Supp. 2d

1 916, 920 (C.D. Cal. 2010) (prejudice is shown if denying the application for default
2 judgment would leave the plaintiff without a remedy)

3 (4) A-ONE has made a sufficient showing that exclusions or endorsements
4 preclude any coverage for the underlying *Lei Cheng* litigation. (See Doc. 28 at 7–8,
5 11–14.)

6 (5) The A-ONE First Amended Complaint sufficiently pleads a basis to
7 establish the absence of coverage for the underlying *Lei Cheng* litigation, including
8 the exclusions and endorsements referenced above. (See FAC ¶¶ 5–14.)

9 (6) A-ONE seeks only to recover \$8,261.89 in defense expenses it has
10 incurred in the defense of Hong Sheng in the underlying *Lei Cheng* action.

11 (7) Given the above, the possibility of a dispute concerning material facts is
12 “remote” in this action. See *Wecosign, Inc. v. IFG Holdings, Inc.*, 845 F. Supp. 2d,
13 1082 (C.D. Cal. 2012) (“Where a plaintiff has filed a well-pleaded complaint, the
14 possibility of dispute concerning material facts is remote.”).

15 (8) Defendants’ failure to respond to the A-ONE’s First Amended Complaint
16 cannot be considered “excusable neglect,” as Defendants were properly served. (See
17 Docs. 17 & 19.)

18 (9) Although public policy favors the resolution of a case on its merits, “this
19 preference, standing alone, is not dispositive.” *PepsiCo, Inc. v. Cal. Sec. Cans*, 238 F.
20 Supp. 2d 1172, 1177 (C.D. Cal. 2002) (cleaned up). Defendants’ failure to answer
21 Plaintiff’s complaint “makes a decision on the merits impractical, if not impossible.”
22 *Id.* Therefore, this factor does not weight against granting the application.

23
24
25 Dated: July 9, 2024

26 JOSEPHINE L. STATON

27 HON. JOSEPHINE L. STATON
28 UNITED STATES DISTRICT JUDGE